

REQUEST FOR PROPOSAL FINANCIAL ANALYST

November 16, 2009

A. ISSUING OFFICE:

Department of Attorney General
150 South Main Street
Providence, RI 02903
Telephone: (401) 274-4400
Facsimile: (401) 222-2995

B. PURPOSE:

The Rhode Island Department of Attorney General is seeking proposals to perform an analysis of the proposed transaction between Lifespan Corporation ("Lifespan") and Care New England ("CNE") (together referred to as the "Transacting Parties"), in connection with the Attorney General's review of the same, pursuant to the Hospital Conversion Act, R.I. Gen. Laws §§ 23-17.14-1 through 33 ("Proposed Transaction"). Lifespan is a non-profit corporation organized under Rhode Island law, and is the sole corporate member of Rhode Island Hospital, The Miriam Hospital, Newport Hospital, Newport Health Care Corporation, Emma Pendleton Bradley Hospital, VNA of Rhode Island and other affiliated entities. CNE is a nonprofit corporation organized under Rhode Island law, and is the sole corporate member of Women & Infants Corporation, Butler Hospital, Kent Memorial Hospital, Kent County Visiting Nurse Association and other affiliated entities. Lifespan and CNE executed a Master Affiliation Agreement on July 26, 2007, whereby CNE and Lifespan will merge and Lifespan shall be the surviving corporation. A copy of the Master Affiliation Agreement may be obtained by writing to the Issuer of this RFQ. On September 29, 2009, the Transacting Parties submitted their initial application to the Rhode Island Department of Attorney General.

The Attorney General seeks a Financial Analyst with:

- no ties currently or since January 1, 2004 to Lifespan Corporation and/or Care New England Health System, its parents, subsidiaries, affiliates or any entity related to any of these entities. If there are any relationships with any of the above-referenced entities during the last five (5) years, full disclosure of all such relationships or ties must be made;
- knowledge of the Massachusetts and Rhode Island health care industry, specifically, hospital financial management operations, community health care access issues, free care, charity care, bad debt and community benefit;

- understanding of hospital operations, including, but not limited to, hospital financial statements and accounting for free care, charity care, uncompensated care and bad debt;
- understanding of community health care needs and primary and specialized care in the communities served by both Lifespan and CNE;
- expertise to obtain necessary information and documentation to develop an effective assessment plan/tool to assess the health care access available and necessary for the communities served by Lifespan and CNE.

C. SCOPE OF WORK:

Contractor(s) shall analyze the proposed transaction and prepare a report that addresses due diligence by the parties to the transaction, as well as the financial aspects of the proposed transaction including, but not limited to, current as well as integrated operations and finances post conversion, analysis of any business and strategic plans pre and post conversion, likely effects of the transaction on the charitable purpose of delivering health care services in Rhode Island, and any other area the Attorney General requests the Contractor(s) to review. Contractor(s) will have access to all of the books and records of Lifespan and CNE obtained by the Department of Attorney General. The Contractor(s) shall prepare or provide document retrieval and litigation support to this office, including, but not limited to, scanning or otherwise storing documents electronically, as well as determination(s) and report(s) to Attorney General as to whether all responsive documents required in the Initial Application and otherwise requested have been provided. Contractor(s) will also have access to employees of Lifespan and CNE.

1. The Financial Analyst will be required to develop an assessment plan/tool to:

(a) Measure and assess the past, present, and future community health care access to Lifespan and CNE, including changes in inpatient and outpatient clinical services and divisions;

(b) Measure and assess past, present, and future community benefits provided by the hospitals affiliated with the parties;

(c) Measure and assess cultural diversity issues as they relate to appropriate care for the communities served by the parties;

(d) Evaluate levels of services provided by the hospitals to Medicaid and free care recipients;

(e) Inform the Department of Attorney General and the public as to outcomes relating to community health care access, levels of free care (whether reimbursable from the uncompensated care pool or funded from other sources), charity care, and bad debt for financially vulnerable populations, and community benefits provided by Lifespan and CNE;

- (f) Measure the impact of the proposed merger upon access to healthcare in Lifespan and CNE hospitals, including inpatient and outpatient;
- (g) Analyze and evaluate the financial status/health of the Transacting Parties and their affiliates, pre and post conversion, including analysis of any business and strategic planning and pro formas performed by, or developed for, the Transacting Parties;
- (h) Evaluate the due diligence conducted by the Transacting Parties and their affiliates;
- (i) Analyze and evaluate any efficiencies the Transacting Parties allege will be derived from the proposed transaction;
- (j) Analyze and evaluate the potential impact, if any, of recently enacted health care reform legislation on the proposed transaction;
- (k) Measure and evaluate the effects of the transaction on the charitable purpose of the delivering of health care services in Rhode Island;
- (l) Evaluate whether the existing medical foundations should be reconfigured in the merged entity;
- (m) Evaluate the relationship between the teaching hospitals and Warren Alpert School of Medicine at Brown University;
- (n) Evaluate the governance of the transacting parties and the resulting, merged entity, including whether the merged entity, or any portion thereof, should be reconfigured;
- (o) Evaluate whether the Proposed Transaction contains appropriate protections for the charitable assets of the hospitals;
- (p) Advise the Attorney General concerning governance of the transacting parties and the resulting, merged entity; and,
- (q) Advise the Attorney General regarding the requirement for a *cy pres* proceeding, if necessary.

2. The assessment should include, but not be limited to, gathering and evaluating the following quantitative information:

- (a) Community health care access provided by Lifespan and CNE;
- (b) Net payments received from the Medicaid program;
- (c) Volume of services related to Medicaid program payments, e.g., inpatient stays, emergency room visits, ancillary services, social services, etc.;

- (d) Contribution to or payment from any uncompensated care pool;
- (e) Volume of services provided to free care, charity care, e.g., inpatient stays, emergency room visits, ancillary services, social services, etc.;
- (f) Services provided as a community benefit;
- (g) Lifespan's and CNE's proposed business and strategic plans and pro formas related to the proposed merger;
- (h) Lifespan and CNE's financials, both audited and unaudited for the past three years;
- (i) Efficiencies to be realized from the proposed transaction and their impact upon the operations of the Transacting Parties and their affiliates;
- (j) Lifespan and CNE's planned capital expenditures relating to the proposed transaction, including but not limited to, purchases of real estate and development of facilities, as well as programmatic changes to the operations of the Transacting Parties and their affiliate entities; and,
- (k) Charitable assets of Lifespan and CNE and their affiliates, including, but not limited, to general donations and gifts, restrictive donations and gifts, and trusts.

3. The assessment should analyze and report on any potential changes in access to hospital services across the patient spectrum, that is, regardless of the patient's ability to pay, such as, potential and/or likely reduction or elimination of inpatient and outpatient clinical services and divisions.

4. The assessment should measure the specific qualitative and quantitative effects of the reduction and/or elimination of inpatient and outpatient services and divisions on Medicaid and free care and/or charity care recipients.

5. The assessment should analyze and report on the information and documentation provided by the parties to the proposed transaction pursuant to R.I.G.L. §23-17.14-6 (17), (18), (19), (20), (21) and (22) (relating to descriptions of uncompensated care, bad debt and charity care provided to the community and how the new entity will provide community benefit and charity care during the first five (5) years of operation and how such charity care will be monitored and valued by the new entity).

The report must be submitted to the Attorney General within 45 calendar days from the date on which a contract is fully executed by all parties.

D. MINIMUM QUALIFICATIONS OF CONTRACTOR(S):

To be eligible to provide the services for this contract, the Contractor(s) must demonstrate specialized expertise and experience in performing reviews and analyses of health care mergers, affiliations, conversions and/or sales of a type similar to that described in Section B above. Preference will be given for experience in health care enterprises that are comparable in type and circumstance to those described in this RFQ. In addition, the Contractor(s) and/or any assigned personnel or subcontractor(s) must not have a current or prior relationship with either Lifespan and/or CNE, its parents, affiliates or subsidiaries that could give rise to a conflict of interest in the performance of this contract.

E. PROPOSAL REQUIREMENTS:

The proposal must include the following:

1. A detailed description of the approach that the Contractor(s) would take in performing the contract and the rationale for the proposed approach.
2. A detailed listing of relevant experience that the Contractor(s) has had in performing similar projects within the last five years, including the purpose of the project, the project dates, the names of the clients, whether live testimony was given and whether such testimony was subject to cross-examination. For those previous projects that are most relevant to this RFP, please provide the name and phone number of a contact person who can provide recommendation(s).
3. A description of the database, if any, that is maintained by the Contractor(s) and how such database may be utilized in the performance of this contract.
4. The professional qualifications and experience of the personnel to be assigned to the contract, including any subcontractor(s). Such personnel's experience on similar projects should be identified, providing the same categories of information requested in paragraph 2 of this section.
5. Identification of any subcontractor(s) proposed to provide services for this contract, including a description of the specific services to be provided and setting forth with respect to each subcontractor(s) the same categories of information requested in paragraphs 2, 3, and 4 of this section.
6. A statement describing all current or prior relationships between the Contractor(s), or any of the assigned personnel and/ or subcontractor(s), and either Lifespan or CNE and its parents, subsidiaries and affiliates. If no such relationships exist, a declaration to that effect must be made.
7. An indication of the role that the Contractor(s) would be qualified to perform if the matter requires litigation (e.g., expert witness in an action by the Attorney General to

enjoin the transaction, or opposition by the Attorney General to a petition by the parties for court approval).

8. Certification as to whether or not the Contractor(s) or the proposed subcontractor(s) or consultant(s) are the subject of any pending or concluded governmental investigation or disciplinary matter.

9. A description as to how the Contractor(s) satisfy the basic qualities discussed in Section B as well as the ability to provide the services requested and described above in Section C.

10. A detailed fee proposal including hourly rates, expenses and the maximum total cost (not to be exceeded in any event for the completion of the contract as proposed). The detailed fee proposal shall separate the cost for document retrieval and litigation support, including, but not limited to, scanning or otherwise storing documents electronically, as well as determination(s) as to whether all responsive documents required in the Initial Application and otherwise requested have been provided. The fee proposal shall be submitted including and excluding the cost for document retrieval and litigation support to this office. The detailed fee proposal shall contain an official offer to undertake the contract at the cost quoted, including the dates during which the offer remains valid.

One original and three copies of the written proposals must be submitted to:

Rhode Island Department of Attorney General
Office of the Health Care Advocate
150 South Main Street
Providence, RI 02903

Because the project is time sensitive, all proposals must be received no later than 5 p.m., December 3, 2009, and must contain the binding signature of an authorized official of the Contractor(s). Proposals received after the time and date specified will not be considered. THIS IS NOT AN OFFER. All proposals become the property of the Attorney General and will not be returned. The Attorney General has no obligation to select a Contractor(s), and may reject any and all proposals, in his sole discretion. If you have any questions, please contact Maureen Glynn, Assistant Attorney General (401) 274-4400 extension 2301.